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ABSTRACT

An analysis of the structural elements of the employment situation was done in 1977 to provide congressional members with pertinent information for their use in making policy decisions about federal role and budget in employment and training programs. It was concluded that the Federal Government can implement four basic budget strategies: create additional jobs, increase the skills of certain types of workers, provide income assistance to workers experiencing employment problems, and reduce discriminatory practices. Although public service employment programs in 1976 came in high proportions from low-income and minority groups, training programs placed a greater emphasis on the disadvantaged and youth populations. Public service employment can increase the current earnings of unemployed workers but it is doubtful that there are any lasting gains in future earnings. There are low annual earnings gains from training programs in relation to costs. However, training programs may fund opportunities for youth, minorities, and the economically disadvantaged that are not available in the private sector. (This booklet has a chapter describing recent trends in employment, training, and related income assistance policy; discusses the four possible policy options for 1978; and includes twenty-four tables of statistics regarding the participants, costs, and effects of various employment, training, and assistance programs.) (EM)

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PUBLIC EMPLOYMENT AND TRAINING ASSISTANCE: ALTERNATIVE FEDERAL APPROACHES

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Congressional Budget Office

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PREFACE

In 1977, the Members of the 95th Congress have the opportunity to reexamine the federal role in employment and training policy through their budget, appropriations, and authorizations decisions. In reaching these decisions, the Congress will consider the effects of alternative programs and budgets on different aspects of the Nation's continuing unemployment and employment problems. This analysis is one of several prepared by the Congressional Budget Office that focuses on the structural elements of the employment situation. Other papers in this series include "The Unemployment of Nonwhite Americans: The Effects of Alternative Policies" (July 1976), "Policy Options for the Teenage Unemployment Problem" (September 1976), and "Budget Options for the Youth Employment Problem" (forthcoming, 1977).

The report was prepared by Richard A. Hobbie with the assistance of Alan Fein of the Human Resources Division of the Congressional Budget Office, under the direction of David S. Mundel and C. William Fischer. In accordance with CBO's mandate to provide objective and impartial analyses of budget issues, this report contains no recommendations.

Special thanks go to Betty J. Ingram of the Human Resources Division for her patience and skill throughout the preparation and typing of the paper; and to numerous individuals at the U.S Department of Labor for their efforts in compiling the data necessary for this analysis. The manuscript was edited by Alan Hall and prepared for publication under the supervision of Johanna Zacharias.

Alice M. Rivlin
Director

February 1977

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SUMMARY

EMPLOYMENT PROBLEMS AND FEDERAL RESPONSES

The current employment situation is not solely the result of inadequate aggregate demand. Structural factors are also major determinants of the current employment situation. A low demand for low-skilled workers, geographic imbalances of job availability vs. potential workers, and discriminatory practices all restrict the employment possibilities of important groups of workers.

In the labor market, from 1977 to 1980, persons with low skills and limited job experience will face increasing difficulty obtaining stable employment with adequate earnings. People with only a high-school or even less education and training will face tougher competition from college graduates because many occupations not previously requiring a college education will be "educationally upgraded."

To augment the effects of economic growth in easing these complex employment problems, the Federal Government can implement four basic budget strategies:

- Create additional jobs;
- Increase the skills of certain types of workers;
- Provide income assistance to workers experiencing employment problems; and
- Reduce discriminatory practices, which restrict the employment opportunities of some workers.

In fiscal year 1976, the federal government spent $3.9 billion supporting public service employment (PSE) and work experience programs that funded almost 820,000 full-time and part-time jobs in state and local governments. About $1.1 billion was spent on training activities and approximately 250,000 years

of service (i.e., person-years) were funded. Unemployment compensation outlays for fiscal year 1976 rose to about $17 billion and nearly 5 million years of benefits were provided. This reflects the effects of increases in the proportion of the labor force covered by unemployment compensation and the duration of benefits, in addition to a high unemployment rate.

FISCAL YEAR 1977 AND 1978 CONGRESSIONAL POLICY AND BUDGET ISSUES

A major issue remains unresolved in the fiscal year 1977 budget: additional funding of at least $2.1 billion could be made available (within the constraints of current policy) for jobs programs. The Second Budget Resolution for fiscal year 1977 would allow between $3.5 and $3.8 billion for public service employment. A Continuing Resolution, however, provides only about $1,384 million. In conjunction with $1.0 billion available from the prior year's budget authority, this funds the current 260,000 jobs through the end of fiscal year 1977.

The fiscal year 1978 employment policy and budget issues will involve the entire range of possible employment, training, and related income assistance strategies. The mix of aggregate demand stimuli, through general fiscal policy and direct employment-creating programs, will be established. The design and funding level of training activities will be developed in the Comprehensive Employment and Training Act (CETA) reauthorization, budget, and appropriations processes. Whether long-term unemployed workers will continue to receive unemployment compensation through the Federal Supplemental Benefits program (FSB) will be decided by mid-fiscal year 1977.

PARTICIPANTS, COSTS, AND EFFECTS OF PROGRAM OPTIONS

Participants in public service employment programs in fiscal year 1976 came in high proportions from low-income and minority groups. About 45 percent were low-income persons; about 40 percent were from minority groups. Only 22 percent were under 22 years of age; 65 percent were male. About 15 percent received welfare and 14 percent received unemployment compensation benefits.

Training programs placed a greater emphasis on the disadvantaged and youth populations than did public service employment. Seventy-six percent of CETA Title I program participants and 100 percent of the Job Corps (Title IV) trainees were low-income persons. Fifty-seven percent of the Title I and 73 percent of the Job Corps participants were from minority groups. Fifty-seven percent of the Title I and 100 percent of the Job Corps participants were under 22 years old. Fifty-four percent of the Title I and 100 percent of the Job Corps participants had not graduated from high school. Approximately 26 percent of the Title I and 41 percent of the Job Corps participants received welfare assistance, but few in either group received unemployment compensation.

Costs And Effects Of Public Service Employment

Currently, the average cost per year of service in public service employment (CETA Titles II and VI) is about $8,300. At this cost, about 120,000 jobs can be funded per $1 billion. If jobs are targeted toward the long-term unemployed, lower salaries can be paid, and consequently more jobs can be funded per $1 billion. For example, at $7,000 per job, 140,000 jobs can be funded per $1 billion.

Fiscal substitution--i.e., the substitution of federal funds for local tax effort--reduces the number of additional jobs created by public service employment funds. The rate of fiscal substitution has been estimated to be as high as 60 percent after one year and 90 to 100 percent after two years. When the rate of fiscal substitution reaches 100 percent, the federally funded jobs would have been supported by local revenue anyway. Targeting of PSE jobs to specific groups of workers and short-term public projects --such as that now required under CETA Title VI--can reduce fiscal substitution and thus increase the net employment effect.

Public service employment can increase the current earnings of workers who may otherwise not be working. However, since little training has been undertaken in public service employment programs, it is doubtful that participants experience any lasting gains in future annual earnings. To date, the direct cost offsets stemming from reductions in unemployment compensation payments may have been minimal (only 14 percent of the PSE jobholders had been unemployment compensation recipients). These direct cost

offsets are likely to increase in fiscal year 1977, however, because CETA Title VI is now targeted to the long-term unemployed, unemployment compensation exhaustees, and Aid to Families with Dependent Children (AFDC) recipients.

The average cost per year of service in work experience activities was about $3,100 in fiscal year 1976. At this cost, over 300,000 part-time jobs can be funded per $1 billion. Work experience increases current employment opportunities but, little evidence is available on the long-run effects of work experience activities. Since minimal training is involved, it is unlikely that the participants will reap any lasting gains in annual earnings or more stable employment.

The average cost per year of training was about $4,050 in CETA Title I vs. $9,231 in the Job Corps. The average cost per participant was about $1,400 in CETA Title I vs. nearly $4,200 under the Job Corps. Evaluation studies show that trainees initially make relatively small annual earnings gains after training (approximately $200 to $600 per year), but that these gains diminish over time. However, with previous average annual earnings of roughly $4,000, these earnings gains represent between 5 and 15 percent of previous earnings.

These relatively low annual earnings gains bring into question the value of training in relation to its costs. The averaging of annual earnings gains may, however, mask the possibility that many participants gain substantially while others gain very little. Aside from earnings gains, training programs may fund opportunities for youth, minorities, and the economically disadvantaged that are not available in the private sector.

SOME OPTIONS IN EMPLOYMENT AND TRAINING

Many options can be considered. One alternative is to continue employment and training activities at their current policy level. Under this option, $3.8 billion would be spent for public service employment programs, and 463,000 jobs under CETA Title VI would be funded. Another $3.8 billion would be spent for employment and training assistance programs. This would support approximately 851,000 years of service in these programs.

There are many alternatives to current policy options. Different aspects of employment, training, and unemployment compensation can be emphasized. The following four options are presented in increments of about $1.0 billion in order to illustrate the effects of not only relatively small changes in current policy, but also multiples of these changes:

- o An increased training option that adds $1.0 billion in Title I of CETA;
- o An increased employment option that adds $1.0 billion in Title VI of CETA (Temporary Employment Assistance) and may result in $240 million direct savings in unemployment insurance;
- o An increased employment and training option that combines the first two options; and
- o A decreased employment and training option that includes reductions of $100 million each in the Job Corps and Work Incentive (WIN) programs and a $1.1 billion cut in temporary employment assistance, which may increase unemployment insurance by $266 million.

Details on the effects of these four incremental options follow:

Increased Training Option

The increased training option could fund as much as 221,000 additional years of training with nearly 632,000 persons participating. However, if the current distribution of activities continues, only 46 percent of the increased Title I funds would be devoted to training. This yields 102,000 additional years of training for some 290,000 participants. The remaining 54 percent of Title I funds would be spent on work experience and public service employment.

Increased Employment Option

The increased employment option adds $1 billion to Title VI of CETA, which would fund at least an additional 120,000 jobs. It

could reduce unemployment compensation outlays by about $240 million because Title VI jobs are in part targeted to unemployment compensation recipients who have been unemployed at least 15 weeks. These jobs could also be funded under Title II of CETA, but that title is not targeted on unemployment compensation recipients; thus, the resulting savings may be lower.

Increased Employment And Training Option

The increased employment and training option combines the first two options, but allocates the $1 billion in employment and training assistance equally to a youth employment program and to Title I of CETA. At the minimum wage, the $500 million in the youth employment program funds about 185,000 part-time jobs for youth. If restricted to economically disadvantaged teenagers (16-19), these funds could help about 10 percent of this population group.

Decreased Employment And Training Option

This option reduces spending by $1,034 million. About 132,000 fewer public service jobs would be funded, and approximately 18,000 fewer years of employment and training assistance services could be supported.

The cost, years of service, and participant levels resulting from the above options are shown in the Summary Table 1.

SUMMARY TABLE 1. OUTLAYS AND SERVICE LEVELS OF ILLUSTRATIVE FISCAL YEAR 1978 EMPLOYMENT AND TRAINING BUDGET OPTIONS

	Options				
	Current Policy	Increased Training	Increased Employment	Increased Employ-ment and Training	Decreased Employ-ment and Training
Outlays ($ in millions)					
Temporary Employment Assistance a/	3,845	3,845	4,845	4,845	2,745
Employment and Training Assistance b/	3,436	4,436	3,436	4,436	3,336
Work Incentive Program (WIN)	385	385	385	385	285
Unemployment Compensation	12,556	12,556	12,316	12,316	12,822
TOTAL	20,222	21,222	20,982	21,982	19,188
Years of service (Thousands)					
Temporary Employment Assistance a/	463	463	583	583	331
Employment and Training Assistance b/	818	1,039	818	1,039	808
Work Incentive Program (WIN)	33	33	33	33	25
Unemployment Compensation	3,139	3,139	3,079	3,079	3,206
TOTAL	4,453	4,674	4,514	4,734	4,370
Number of participants (Thousands)					
Temporary Employment Assistance a/	1,029	1,029	1,296	1,296	736
Employment and Training Assistance b/	2,337	2,969	2,337	3,969	2,309
Work Incentive Program (WIN)	94	94	94	94	71
Unemployment Compensation	10,463	10,463	10,263	10,263	10,687
TOTAL	13,293	14,555	13,990	14,6[illegible]	13,503

a/ Primarily Public Service Employment.
b/ Primarily Work Experience and Training, but includes 50,000 CETA Title II jobs.

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CHAPTER I INTRODUCTION

To date the economic recovery has been disappointing. In December 1976, the unemployment rate for all workers was 7.9 percent and the average duration of unemployment was 15.7 weeks. Some 7.6 million individuals were unemployed. Another 1.0 million had left the labor force because they believed that jobs were unavailable, while 3.2 million were working part-time, although they wanted to work full time. These employment problems were not evenly distributed. The nonwhite unemployment rate was 13.6 percent and the teenage unemployment rate was 18.9 percent. If current fiscal policy is continued, the aggregate unemployment rate will only fall to between 7.1 and 7.8 percentage points by the fourth quarter of 1977, and only to between 6.6 and 7.6 by the end of 1978. 1/

The current employment situation is not solely the result of inadequate aggregate demand. Structural characteristics of the labor market--low demand for low-skilled workers, geographic imbalances of economic growth, job availability vs. potential workers, race and sex discrimination--all restrict the employment possibilities of some groups of workers. These structural problems have increased in recent years. In particular, the increased proportions of women and teenagers in the labor force have contributed to the difficulty of lowering the unemployment rate.

The employment problems of individuals result from a combination of these cyclical and structural forces. Although it is relatively easy to define these employment problems, it is very difficult to distinguish which workers are victims of which problem. For example, low-skilled workers are unemployed more frequently than others when the economy declines; they have lower incomes than others when the economy is at or near full employment; and they find relatively fewer job opportunities than others when more skilled workers enter the labor force to compete for jobs.

1/ See Congressional Budget Office, The Disappointing Recovery, January 11, 1977, for some alternative fiscal policies.

The current employment situation is not adequately reflected by the unemployment rate alone. Workers suffering employment-related economic hardship may not necessarily be unemployed; conversely, the unemployed may not necessarily be suffering economic hardship. Many unemployed persons are secondary workers in households earning well above-average incomes. By one estimate, the unemployed account for only 27 percent of those who suffer the economic hardships of inadequate employment and earnings. 2/ Worker discouragement, part-time work for economic reasons, low-wage jobs with high turnover rates, and underemployment (a job requiring less than a worker's skills) are all aspects of the current employment situation.

To ease these complex employment problems the Federal Government can implement four basic strategies that augment the effects of economic growth. 3/

- o Create additional jobs;
- o Increase the skills of certain types of worker;
- o Provice income assistance to workers experiencing employment problems; and
- o Reduce discriminatory practices, which restrict the employment opportunities of some workers.

Additional jobs can be created through general fiscal policy instruments or by programs that provide new jobs directly, often for specific groups of workers. These two devices both reduce unemployment and increase earnings. The skills of certain types

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2/ Sar A. Levitan and Robert Taggart, "Do Our Statistics Measure the Real Labor Market Hardship?" (Washington, D.C.: Center for Social Policy Studies, August 23, 1976) (Reprint).

3/ The potential role of these policies is more fully treated in "Temporary Measures To Stimulate Employment," "Unemployment Compensation: A Background Report," "The Unemployment of Nonwhite Americans: The Effects of Alternative Policies," and "Policy Options For The Teenage Unemployment Problem," Congressional Budget Office, Washington, D.C.

of workers can be increased through training and education activities. Training programs can increase wages, labor force participation rates, employment rates, earnings, and the range of jobs that a worker can fill. 4/ Income assistance to workers, such as unemployment compensation, can help to replace the wages lost as a result of unemployment or increase the incomes of individuals in low-wage jobs. These assistance programs may, however, also intensify other employment problems--e.g., unemployment--by reducing incentives to work. Programs to reduce discriminatory practices can help to equalize employment and training opportunities, which may lead to lower unemployment rates and higher earnings for the affected groups of workers.

The efficacy of these programs is highly dependent on the state of the labor market. If demand for labor is high, newly trained workers are more likely to be hired (and have higher earnings) than if demand is low. High demand also eases the process of reducing discriminatory practices. Increases in skill levels can reduce the inflationary pressures that mount when high demand seeks skilled labor in short supply.

FISCAL YEAR 1977 AND 1978 CONGRESSIONAL POLICY ISSUES

Issues involving each of these four employment strategies will confront the Congress during its current session. A major issue remains unresolved in the fiscal year 1977 budget. The Second Budget Resolution for fiscal year 1977 would allow between $3.5 and $3.8 billion for temporary employment assistance--i.e., public service employment (PSE). No new funds have been appropriated for PSE, but a Continuing Resolution provides about $1.4 billion to fund the current 260,000 CETA Title VI jobs through

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4/ The labor force consists of all persons, 16 years old and over, who are employed or actively seeking work. The participation rate is the percentage of any given group (e.g., females) who are part of the labor force. The employment rate is that percentage of the civilian population, 16 and over, that is employed.

fiscal year 1977. 5/ Therefore, additional funding of at least $2.1 billion could be made available (within the constraints of current policy) during fiscal year 1977 for jobs, including a possible youth employment and training program.

The fiscal year 1978 employment policy budget issues will involve the entire range of possible employment, training, and related income assistance strategies. The employment policy mix will be established. The design and funding level of training activities will be developed in the Comprehensive Employment and Training Act (CETA) reauthorization, budget, and appropriations processes. Whether long-term unemployed workers will continue to receive unemployment compensation, through the Federal Supplemental Benefits program (FSB), will be decided by mid-fiscal year 1977.

The mixture of programs to be implemented will hinge on assessments regarding which employment problems merit intensified government attention. The design of an appropriate employment, training, and unemployment compensation strategy will also depend on the efficacy of alternative programs in alleviating these employment problems.

The remainder of this Budget Issue Paper is devoted to the following topics:

- o A discussion of recent and future labor market trends and their impact on employment problems (Chapter II);
- o A description of current employment, training, and related income assistance programs and their budget levels (Chapter III);
- o A summary of the costs and effects of alternative programs (Chapter IV); and
- o A description and assessment of some representative fiscal year 1977 and fiscal year 1978 policy and budget alternatives (Chapter V).

5/ About $1 billion in the prior year's budget authority is still available to continue Title VI jobs at 260,000 through fiscal year 1977.

CHAPTER II RECENT LABOR MARKET TRENDS

In conjunction with aggregate demand, recent structural changes in the labor market are a major factor in the current employment situation. 1/ Significant changes in the size and structure of the labor market have rendered aggregate fiscal and monetary policy less able to achieve low levels of unemployment without significantly increasing the risk of higher rates of inflation. These trends in the labor market may indicate expanded programs are needed for targeted job creation, training, and employment related income assistance, if employment problems are to be reduced significantly.

TRENDS IN LABOR FORCE PARTICIPATION

The increased labor force participation rate has significantly altered the relationship between the employment rate and the unemployment rate. The unemployment rate was 3.8 percent in 1966, while the employment rate was 56.9 percent. In 1976 the employment rate was 56.8 percent, but the unemployment rate was 7.7 percent. (See Table 1.)

The noninstitutional population (aged 16 and older) grew from about 131 million in 1966 to some 156 million in 1976. Over this past decade, the civilian labor force participation rate increased from 59.2 to 61.6 percent. Thus, some 3.7 million more civilians were working or actively seeking work in 1976 than if the participation rate were still at the 1966 level. This dramatic growth in the civilian labor force, however, has outpaced the growth in employment.

The greater number of current jobseekers stems in part from fundamental changes in labor supply. The labor force participation rate of women has risen from 40.3 percent in 1966 to 47.3

1/ Aggregate demand and output problems are discussed more fully in The Disappointing Recovery, Congressional Budget Office, January 1977.

TABLE 1. EMPLOYMENT STATUS OF THE NONINSTITUTIONAL POPULATION 16 YEARS AND OVER, ANNUAL AVERAGES, 1960-1976

YEAR	Total Non-Institutional Population (Millions)	Total Labor Force, including Armed Forces (Millions)	Armed Forces (Millions)	Civilian				
				Labor Force (Millions)	Labor Force Participation Rate (Percent)	Total Employed (Millions)	Employment Rate (Percent)	Unemployment Rate (Percent)
1966	131,180	78,893	3,123	75,770	57.8	72,895	56.9	3.8
1967	133,319	80,793	3,446	77,347	58.0	74,372	57.3	3.8
1968	135,562	82,272	3,535	78,737	58.1	75,920	57.5	3.6
1969	137,841	84,239	3,506	80,733	58.6	77,902	58.0	3.5
1970	140,182	85,903	3,188	82,715	59.0	78,627	57.4	4.9
1971	142,596	86,929	2,816	84,113	59.0	79,120	56.6	5.9
1972	145,775	88,991	2,449	86,542	59.4	81,702	57.0	5.6
1973	148,263	91,040	2,326	88,714	59.8	84,409	57.8	4.9
1974	150,827	93,240	2,229	91,011	60.3	85,936	57.8	5.6
1975	153,449	94,793	2,180	92,613	60.4	84,783	56.0	8.4
1976	156,038	96,917	2.144	94,773	60.7	87,485	56.8	7.7

SOURCES: U.S. Department of Labor, Employment and Training Report of the President 1976, (Washington, D.C.: U.S. Government Printing Office 1976), pp. 211-213, 329.

percent in 1976. This change accounts for some 5.7 million more women participating in 1976 than would have participated at the 1966 rate. Females composed about 40.5 percent of the civilian labor force in 1976 vs. 36.0 percent in 1966.

The female increase was partly offset by a decrease in the participation rate of males from 80.4 percent in 1966 to 77.5 percent in 1976. This amounts to about 2.1 million fewer males in the civilian labor force. Males comprised 64.0 percent of the civilian labor force in 1966, but 59.5 percent in 1976.

A second factor influencing labor supply has been a growth in the teenage population. The U.S. birth rate declined steadily from 1910 to 1935, but then increased dramatically from 1935 to 1955. This "post-war baby boom," plus a higher teenage labor force participation rate, have led to an increased proportion of teenagers in the labor market, rising from about 8.7 percent in 1966 to 9.5 percent in 1976. The problem will lessen over the next ten years as the current youth population grows older, but it may not completely dissipate. As today's teenagers grow older, most will become fully employed adults. Some may continue to suffer employment problems; and others may simply displace future youth from adequate employment.

A third major change has occurred with the decrease in the Armed Forces from a peak of 3.5 million in 1968 to 2.1 million in 1976. If more than one million individuals in the military were, instead, participating in the civilian labor force in 1968, the unemployment rate could have risen by as much as 1.6 percentage points in 1968.

The trends toward increased labor force participation by women and teenagers are likely to continue through 1980. Since 1966 the largest growth in female labor force participation has occurred among 25- to 34-year old women, whose rate increased from 40 percent to 55 percent. The high participation of these women is likely to continue as they age and as younger women enter the 25- to 34-year-old bracket. In contrast, the number of teenage and young adult labor force participants (defined as 16 to 24) is projected by the Bureau of Labor Statistics (BLS) to decrease in the 1980s.

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THE FUTURE LABOR MARKET

In the labor market from 1977 to 1980, persons with low skills and limited job experiences will face increasing difficulty obtaining stable employment with adequate earnings. 2/ People with only a high-school, or even less, education and training will face tougher competition from college graduates because many occupations not previously requiring a college education will be "educationally upgraded." Moreover, some jobs previously classified as "low-skill" will decrease as computer technology is increasingly applied to the service sector.

A continued high rate of growth is projected by the Bureau of Labor Statistics in certain skilled occupations. Large increases are likely to occur in such occupations as registered nurses, health technologists, dental hygienists, computer systems analysts, and data processing machine repairers. Occupations showing no growth or even a decline will still need new workers as replacements. The BLS has calculated that two out of every three workers needed from now until 1985 will replace current workers because of their death, retirement, or other reasons for leaving the labor force. The remaining third of the new workers will fill new jobs created by economic growth and structural change.

Increased competition for relatively more skilled jobs in the next few years suggests that selective employment, training, and employment-related income assistance policies can be effective complements to fiscal and monetary policy. Employment and training programs cannot, however, work well without an adequate level of aggregate demand. Thus, they are part of a policy mix that can be implemented without incurring unacceptable levels of inflation as well as the social costs related to unemployment.

2/ Max Carey, "Revised Occupational Projections to 1985," Monthly Labor Review, Vol. 99, No. 11, p. 20.

CHAPTER III CURRENT EMPLOYMENT, TRAINING AND RELATED INCOME ASSISTANCE PROGRAMS

RECENT TRENDS IN EMPLOYMENT, TRAINING, AND RELATED INCOME ASSISTANCE POLICY

Employment And Training Policy Trends

Employment and training programs became a significant portion of the federal budget during the 1960s. The early focus then was on the changing structure of demand for labor. Declining economies in specific geographic areas--largely caused by declining industries such as coal mining in Appalachia--led to the enactment of the Area Redevelopment Act of 1961 (ARA). The Public Works and Economic Development Act of 1965 (PWEDA) was also enacted to help depressed areas. The displacement of workers resulting from automation and technological change led to the enactment of the Manpower Development and Training Act of 1962 (MDTA), which provided employment and training opportunities.

The Civil Rights and the Economic Opportunity Acts of 1964 initiated a new emphasis on enhancing equal opportunity in the labor market. Training was also supplemented by work experience for youth and public service employment for disadvantaged adults. After the enactment of the Emergency Employment Act of 1971, the Public Employment Program (PEP) was also used as a countercylical tool.

The Comprehensive Employment and Training Act (CETA) was enacted in 1973. It consolidated many targeted programs and also decentralized program administration. Today, employment and training programs are chiefly designed and operated by 445 local CETA prime sponsors. 1/ These programs provide a mixture of

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1/ A prime sponsor is a unit of general local government in which there are at least 100,000 residents.

training, work experience, structural and countercyclical public service employment, as well as supportive services. The authorization for CETA expires at the end of fiscal year 1977.

Unemployment Compensation vs.
Employment and Training Assistance

In response to the recent recession, unemployment compensation has grown to over three times the outlays spent on employment and training assistance (see Figure 1). From fiscal years 1974 to 1976, employment and training assistance increased by $2.3 billion in outlays, and by one million participants. In the same period, unemployment compensation increased by $11.6 billion in benefits, and by 9.9 million recipients. This changing mix of program activities is in part due to increased short-term unemployment. It is also a result of the extension of the maximum duration of benefits (from 36 to 65 weeks), and the expansion of coverage from some 85 percent of the labor force to about 97 percent. Since workers unemployed longer than 26 weeks may need more help than wage replacement, the Congress may want to consider a shift in relative emphasis back toward employment and training programs.

In terms of years of benefits paid vs. years of jobs funded, unemployment compensation was about 5.7 times as large as the direct job creation effort. Table 2 compares selected direct employment-creating programs with unemployment compensation programs in fiscal year 1976. There were about 17 million recipients of unemployment compensation vs. some 2 million participants in work experience and public service employment. A total of about 4.5 million years of benefits were paid under unemployment compensation, while about 817,000 years of service were funded under work experience and public service employment. 2/ Of the 4.5 million years of benefits in unemployment compensation, about 700,000 were in the Federal Supplemental Benefits program.

Current Employment And Training Policy

A total of $5,235 million was spent on employment and training programs in fiscal year 1976. Table 3 presents selected

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2/ A service year is equivalent to a "person-year."

Figure 1

Unemployment Compensation in Relation to Employment and Training Policy

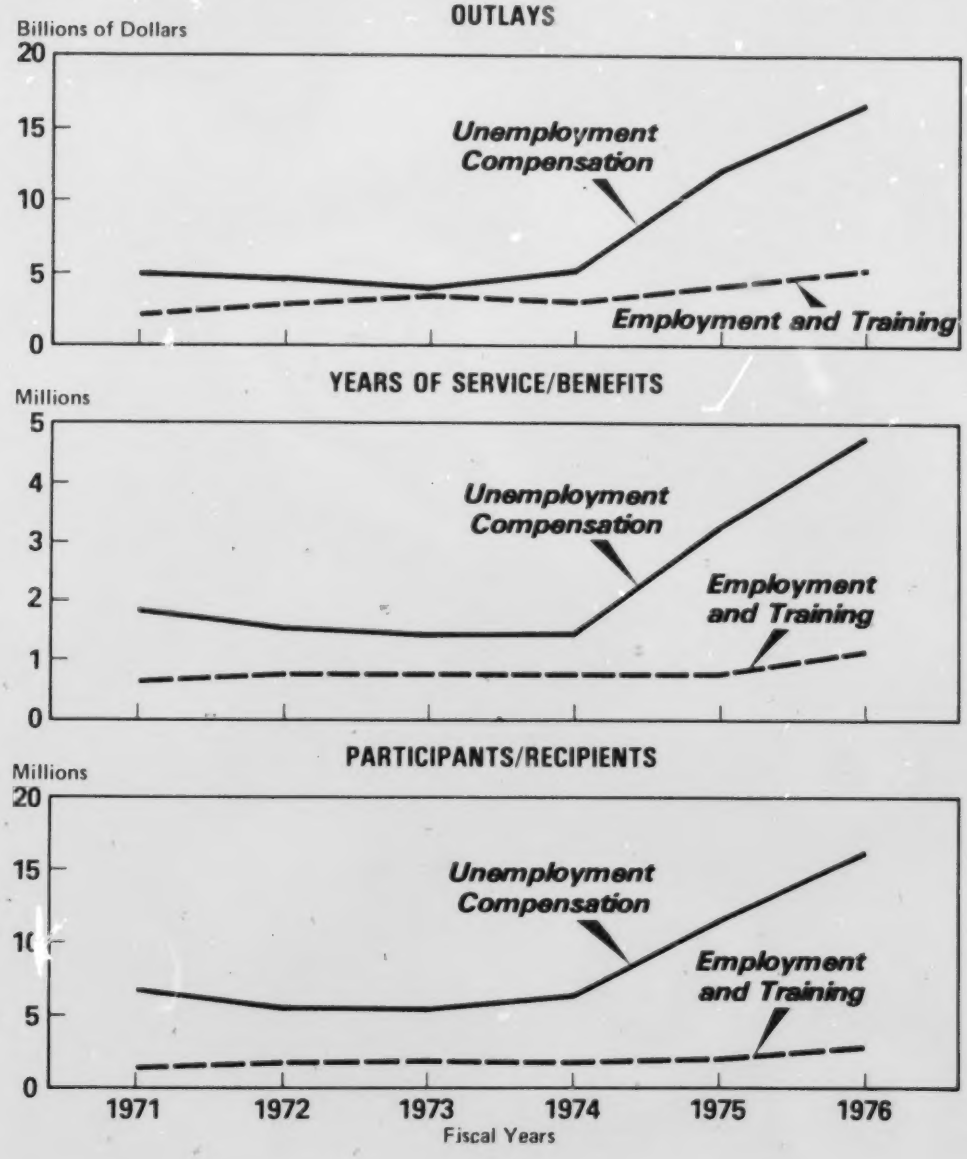


TABLE 2. EMPLOYMENT PROGRAM DATA COMPARED TO UNEMPLOYMENT COMPENSATION IN FISCAL YEAR 1976

	Outlays ($ in Millions)	Adjusted Participants/ Recipients	Years of Service/ Benefits	Average Cost Per Year of Service/ Benefits	Direct Jobs Per $1 Billion
Work Experience	1,500	1,500,000	500,000	3,100 a/	320,000
Public Service Employment	2,400	550,000	290,300	8,400 a/	120,000
Unemployment Compensation					
Regular State Program b/	10,800	9,100,000	2,885,000	3,750	NA
Extended Benefits	2,400 c/	4,000,000	641,000	3,750	NA
Federal Supplemental Benefits	2,600 c/	2,000,000	695,000	3,750	NA
Special Unemployment Assistance	900 c/	2,000,000	333,000	2,700 d/	NA

SOURCE: Unpublished U.S. Department of Labor data.

a/ Includes all CETA programs, plus the WIN and Older Americans programs.

b/ Based on an assumed average weekly benefit of $72,00, an average duration of 17 weeks, and average weeks compensated for the first 11 months of fiscal year 1976 or 13,000 per month.

c/ CBO estimates in Unemployment Compensation: A Background Report.

d/ Based on assumed average weekly benefit amount of $52.00.

NA = Not applicable.

The product of the figures in columns 3 and 4 may not exactly equal the corresponding figures in column 1 because of rounding.

TABLE 3. SELECTED EMPLOYMENT AND TRAINING OUTLAYS IN FISCAL YEAR 1976 ($ in Millions)

Programs	Activities					
	On-the-Job Training	Classroom Training	Work Experience	Public Service Employment	Other	Total c/
CETA - Title I	170	611	713	187	17	1,698
CETA - Title II	1	1	7	535	a/	545
CETA - Title III						
Migrants & Farm Workers	3	17	5	0	40	65
Native Americans	4	12	29	5	11	61
Summer Youth	0	0	459	0	0	459
CETA - Title IV - Job Corps	0	181	0	0	0	181
CETA - Title VI and II b/	3	2	219	1,648	1	1,872
Community Service Employment For Older Americans	0	0	47	0	0	47
Work Incentive Program	91	42	12	58	104	307
Total c/	272	866	1,491	2,433	172	5,235

a/ Less than $0.5 million.

b/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

c/ Rows or columns may not add to exact totals because of rounding.

CETA - Comprehensive Employment and Training Act of 1973.

employment and training programs by activity. The programs included CETA Titles I through IV, and VI, Community Service Employment for Older Americans, and the Work Incentive Program (WIN). They covered on-the-job training, classroom training, work experience, public service employment, and other supportive activities.

The four major employment and training activities cited above are detailed as follows: 3/

- On-the-Job Training--Provides training for regular job vacancies, generally by payment to public or private employers for the added cost of hiring and training target group individuals. Employers are generally expected to retain the individual after payment ends.

- Classroom Training--Provides occupational or prevocational skill training generally in a classroom or other off-the-job setting.

- Work Experience--Provides temporary employment--usually part-time--and income for such groups as youth and older workers.

- Public Service Employment--Provides work in the public sector, either for transition to an unsubsidized job or for countercyclical purposes.

Other activities include allowances, day care, recruitment, assessment, and placement. These activities are often used to supplement the four major activities described above.

The programs under CETA are described by Title as follows:

- Title I--Provides job opportunities, training, education, and other services needed to enable individuals to secure and retain employment to their maximum capacity.

3/ Executive Office of the President, Office of Management and Budget, Circular No. A-11, July 16, 1976, p. 104.

- Title II--Provides unemployed and underemployed persons with transitional employment in jobs providing needed public services in areas of substantial unemployment, and, wherever feasible, related to training and employment services to enable persons to move into employment or training not supported by this title.

- Title III--Provides services covered in Titles I and II for segments of the population in particular need, such as youth, migrant and farm workers, Native Americans, and others.

- Title IV--Provides intensive residential and non-residential programs of education, vocational training, work experience, and other activities.

- Title V--Provides for the creation of the National Commission for Manpower Policy, which studies various employment issues and periodically reports to the Congress.

- Title VI--Provides transitional employment for unemployed and underemployed persons. (The Emergency Jobs Programs Extension Act of 1976 (P.L. 94-444) was enacted on October 1, 1976. It reauthorized Title VI, which had expired on December 31, 1975. As vacancies occur during fiscal year 1977, one out of every two vacancies will be filled by low-income, long-term unemployed persons.)

In addition to the CETA programs, the WIN program and Community Service Employment for Older Americans are described as follows:

- WIN--Provides assistance to persons receiving AFDC in the transition from welfare to work. It was authorized by the 1967 amendments to the Social Security Act and has been amended several times. It currently emphasizes job placement, rather than training.

- Community Service Employment for Older Americans--Provides unemployed and low-income persons, 55 and older, with part-time community service employment. It was authorized by Title IX of the Older Americans Comprehensive Services Amendments of 1973.

Table 4 presents, by program and activity, the years of service funded for fiscal year 1976. About 290,000 years were funded in public service employment, while 527,000 part-time jobs were funded in the work experience activity. By contrast, some 250,000 years of training were funded. Over 1 million years of service were funded in total and there were over 3 million new participants enrolled in fiscal year 1976.

As shown in Figure 2, CETA Titles II and VI (public service employment, dominated the distribution of outlays with 46 percent. Moreover, public service employment and work experience comprised 75 percent of total outlays. In part, this reflects a shift in emphasis toward job creation in response to the high unemployment rate in fiscal year 1976. However, it also may reflect increasing resort to "fiscal substitution"--federal funds supplanting local tax effort--as local CETA prime sponsors began to rely on federal funds to support vital local services.

Concern that too many employable adults were becoming dependent on welfare led to the authorization of the Work Incentive Program (WIN) by Title II of the Social Security Amendments of 1967. This program initially provided training, work experience, and public service employment for WIN participants. Later, the Revenue Act of 1971 supplemented WIN with a tax credit for employers of WIN participants amounting to 20 percent of each person's wages for the first 12 months of employment. 4/ In 1971 the program emphasis was shifted from training and public service employment to job placement (P.L. 92-223). Then, in 1975, the Tax Reduction Act (P.L. 94-12) authorized a tax credit, similar to the WIN tax credit, for employers of any AFDC recipient, regardless of WIN participation. 5/ The Tax Reform Act of 1976 (P.L. 94-455)

4/ The employer was also required to continue the employment of the participant for 12 months after the 12 months for which the credit was claimed. If the employer did not meet this condition, then the tax credit was "recaptured." Also, the maximum credit was $25,000, plus 50 percent of the tax liability above $25,000. The employment tax credit can be "carried-back" three years or "carried forward" seven years.

5/ This tax credit was available to the employer after only 30 days of employment. There was no recapture provision if the employee was terminated for misconduct, became disabled, or quit the job.

TABLE 4. SELECTED EMPLOYMENT AND TRAINING
YEARS OF SERVICE IN FISCAL YEAR 1976

Programs	Activities					
	On-the-Job Training	Classroom Training	Work Experience	Public Service Employment	Other	Total b/
CETA - Title I	40,300	152,600	216,100	22,700	16,600	448,300
CETA - Title II	300	600	1,900	72,400	100	75,300
CETA - Title III						
Migrants & Farm Workers	1,511	3,794	757	0	0	6,062
Native Americans	900	2,900	6,900	1,200	2,600	14,500
Summer Youth	0	0	250,700	0	0	250,700
CETA - Title IV - Job Corps	0	20,200	0	0	0	20,200
CETA - Title VI and II a/	1,000	1,100	34,300	190,000	200	226,600
Community Service Employment For Older Americans	0	0	12,700	0	0	12,700
Work Incentive Program	9,600	13,300	3,700	4,000	NA	30,600
Total b/	53,611	194,494	527,057	290,300	19,500	1,084,962

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

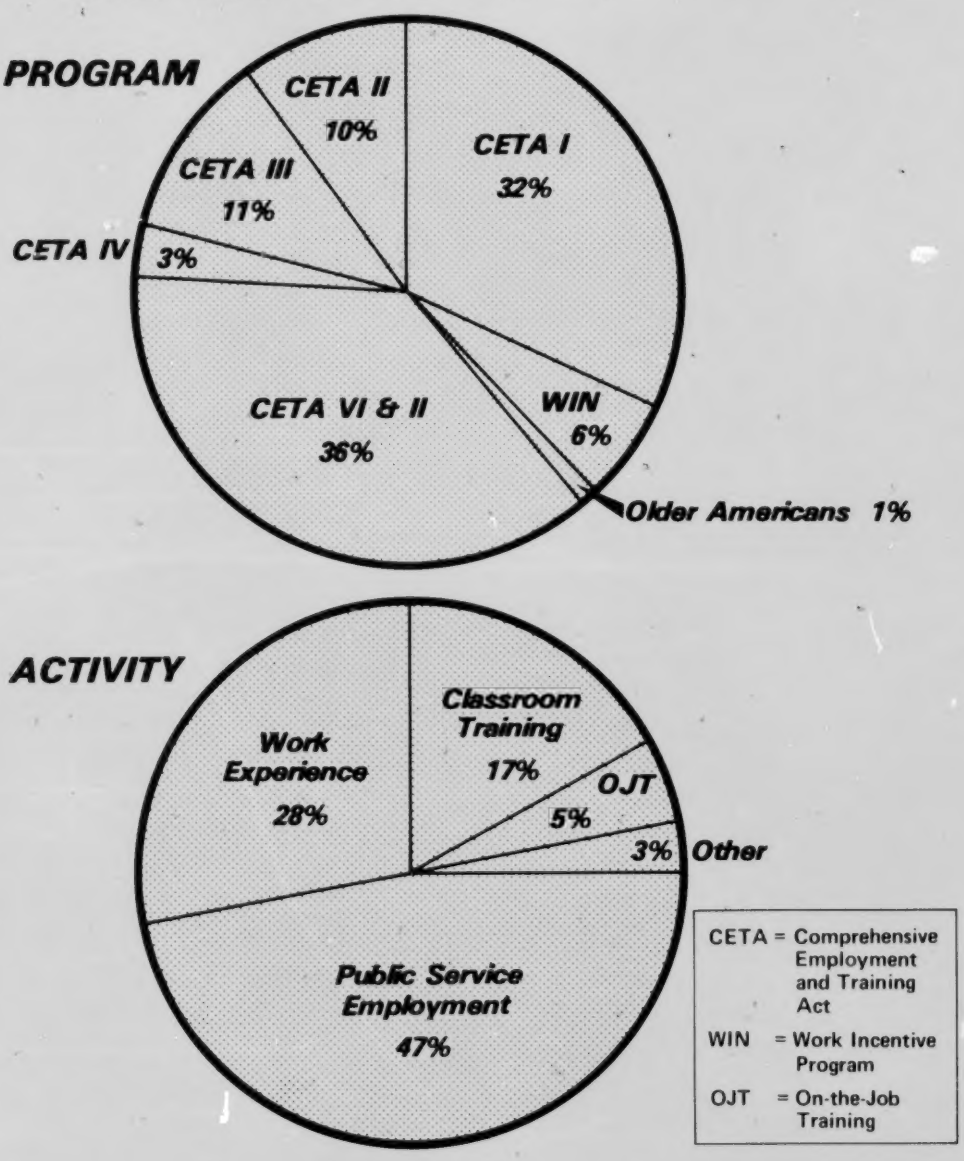
b/ Rows or columns may not add to exact totals due to rounding.

NA = Not applicable.

CETA - Comprehensive Employment and Training Act of 1973. (Title V does not appear here because its sole purpose was to set up the Manpower Policy Commission.)

Figure 2

Percentage Shares of Fiscal Year 1976 Outlays in Selected Employment and Training Programs by Program and Activity



further amended both the WIN and AFDC tax credits, effective retroactively to July 1, 1976, by doubling the maximum amount on which the full credit could be claimed. 6/

CURRENT EMPLOYMENT-RELATED INCOME ASSISTANCE POLICY

The Unemployment Compensation (UC) and Aid to Families with Dependent Children (AFDC) programs are directly related to employment and training policy. In general, public service employment and training programs are oriented toward reducing the dependence of potential workers on income assistance. Title VI of CETA is in part targeted to low-income UC recipients and exhaustees, unemployed 15 weeks or longer, and AFDC recipients. The Work Incentive Program provides employment services to employable AFDC recipients.

Unemployment Compensation

The current status of the UC system is displayed in Figure 4. Three basic programs covered about 85 percent of the labor force. Regular and Extended Benefits (EB) provided for 26 and 13 weeks, respectively, while Federal Supplemental Benefits (FSB) provided for an additional 26 weeks of benefits to EB exhaustees. Thus, the maximum duration of benefits in many states totalled 65 weeks in fiscal year 1976. Most of the remaining labor force is covered by Special Unemployment Assistance (SUA); nearly all of these individuals will be covered under the Regular and EB programs after March 1978.

6/ The limit was increased from $25,000 to $50,000 plus one-half of the tax liability above $50,000. The WIN credit will henceforth also be available from the date of hiring, provided the employee is not terminated without cause before the 90 days following the first 90 days of employment. In addition, termination because of a substantial reduction in business has been excluded from grounds for recapture. Previously, there was no limit on the tax claim provision, but now 12 months marks the cutoff.

FIGURE 3. CHARACTERISTICS OF UNEMPLOYMENT COMPENSATION PROGRAMS

PROGRAM	COMMENTS	MAXIMUM DURATION OF BENEFITS a/ (Weeks)	BENEFIT COSTS FY 1976 (ESTIMATE) ($ Billions)	PROGRAM EXPIRATION DATE	IS PROGRAM TRIGGERED BY UNEMPLOYMENT RATES	NUMBER OF RECIPIENTS (CALENDAR YEAR 1975) (Millions)
REGULAR BENEFITS		26	10.8	PERMANENT	NO	12.2
EXTENDED BENEFITS (EB)	Available to workers who have exhausted regular benefits	13	2.4	PERMANENT	YES	4.3
FEDERAL SUPPLEMENTAL BENEFITS (FSB)	Available to workers who have exhausted extended benefits	26	2.6	MARCH 1977	YES	2.1
SPECIAL UNEMPLOYMENT ASSISTANCE (SUA)	Available to workers in industries not covered by regular Unemployment Compensation program, but who could otherwise be eligible for benefits. Predominantly state and local government employees, agricultural and domestic workers.	39	0.9	MARCH 1978	YES	1.2

SOURCE: Congressional Budget Office, Unemployment Compensation: A Background Report, December 8, 1976.

a/ All workers are not necessarily eligible for maximum duration.

Nearly 20 million persons received unemployment compensation in calendar year 1975. Over one-half of the recipients (12.2 million) were on the regular program, while 4.3 and 2.1 million received EB and FSB, respectively. In fiscal year 1976, nearly $17 billion was spent, about 60 percent of it in the regular program. Some 2.4 and $2.6 billion were spent in EB and FSB, respectively. FSB expires on March 31, 1977.

Aid To Families With Dependent Children

Aid to Families with Dependent Children (AFDC) is a state administered program, in which the states establish benefit standards and the Federal Government provides matching funds. In general, AFDC recipients are not usually labor force participants; 27 states provide aid to families with unemployed fathers (AFDC-UF). Eligibility and benefit standards for both these programs vary widely by state, but there are some federal standards. For example, AFDC recipients are permitted to "disregard" a portion of their monthly earned income in the determination of their benefit level. 7/ Over 11 million persons, including nearly 4 million adults, received AFDC payments totaling over $10 billion in fiscal year 1976. The adults amounted to about 3 percent of the adult civilian noninstitutional population in 1976. Individual benefits under this program are proportionately reduced as beneficiaries find private employment and gain earned income above the "disregard" level.

7/ The "disregard" applies only to unsubsidized employment. It equals $30 plus one-third of the difference between the recipients' earned income and $30. If the recipients are enrolled in subsidized public service employment, their AFDC benefits are reduced, dollar for dollar, with their salaries.

CHAPTER IV PARTICIPANTS, COSTS, AND EFFECTS OF EMPLOYMENT AND TRAINING PROGRAMS

OVERVIEW

Participants

Regardless of the aggregate unemployment rate, certain groups of workers have suffered disproportionately from unemployment and underemployment. Youth, minorities, disadvantaged persons, and other workers have traditionally found limited employment and training opportunities open to them in the private sector. Employment and training programs can provide such opportunities, perhaps not available otherwise, to these groups.

In fiscal year 1976 about 3.3 million new participants engaged in the selected employment and training programs shown in Table 5. About one-half of these new participants received work experience and training under CETA Title I, while about 22 percent were enrolled in public service employment through CETA Titles II and VI. The remaining participants were primarily enrolled in the Summer Youth Program under CETA Title III.

The new participants in public service employment reflect a program emphasis on low-income persons and minority groups. About 45 percent were reported to be low-income persons and some 40 percent were from minority groups. Only 22 percent were under 22 years of age, and 65 percent were male. Finally, only about 15 percent received welfare while 14 percent received unemployment compensation benefits.

The training programs in CETA Titles I and IV (Job Corps) placed a greater emphasis on the disadvantaged than did public service employment. Seventy-six percent of CETA Title I participants and 100 percent of the Job Corps were reported to be low-income persons. Fifty-seven percent of Title I participants and 73 percent of the Job Corps participants were from minority groups. Fifty-seven percent under Title I and 100 percent of the

TABLE 5. CHARACTERISTICS OF NEW PARTICIPANTS OF SELECTED EMPLOYMENT AND TRAINING PROGRAMS IN FISCAL YEAR 1976

Programs	Total New Participants	PERCENT								
		Low Income Persons b/	Minority Groups	Under 22 Years Old	Over 45 Years Old	Male	Less than High School Graduate	Cash Assistance Recipients	Unemployment Compensation Recipient	Disabled
CETA - Title I	1,587,900	76	57	57	7	54	54	26	6	4
CETA - Title II	249,600	47	44	22	14	64	26	19	13	3
CETA - Title III										
Migrants & Farm Workers	24,200	100	54	48	52	58	88	7	1	1
Native Americans	17,500	89	99	45	9	52	53	13	NA	2
Summer Youth	888,100	100	55	100	NA	55	94	38	NA	0
CETA - Title IV - Job Corps	44,000	100	73	100	NA	72	100	41	NA	0
CETA - Title VI and II a/	499,900	44	36	22	14	65	26	13	14	3
Community Service Employment For Older Americans	6,000	100	27	NA	100	50	50	NA	0	NA
Work Incentive Program-Total	19,600	100	44	17	13	27	60	100	NA	Na
Total	3,336,700									

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

b/ Based on official poverty criterion determined by the Office of Management and Budget (OMB).

CETA - Comprehensive Employment and Training Act of 1973.

NA = Not Applicable.

Job Corps were under 22 years old. Fifty-four percent under Title I and 100 percent of the Job Corps participants had less than a high school education. Finally, 26 percent under Title I and 41 percent of the Job Corps participants received welfare assistance, but very few received unemployment compensation.

Costs

The costs of employment and training programs are complex and difficult to estimate. Public service employment program costs include salaries, fringe benefits, and materials; training activities entail the administrative, operating, and materials costs of the program operators, plus the earnings foregone by participants during training. Program-by-activity cost data for analyzing employment and training programs are available only in highly aggregate form.

Effects

The effects of employment and training programs are even more complex and difficult to estimate than the costs. Public service employment programs can increase the employment of target groups and reduce their unemployment rates. Training programs can increase the annual earnings of trainees and perhaps reduce economic loss attributable to crime, drug abuse, and other anti-social behavior. Both employment and training programs may also reduce unemployment compensation and AFDC benefit payments.

EMPLOYMENT PROGRAMS

The employment problems of several groups can be eased with employment programs. Work experience can help new entrants and reentrants to the labor force, such as youth and women lacking job experience. Experienced workers who have lost or quit their jobs can be temporarily enrolled in public service employment. Also, low-income adults with unstable employment histories, or who have been displaced by structural labor market changes, can be helped by employment programs.

About $1.5 and $2.4 billion were spent on work experience and public service employment, respectively, in fiscal year 1976. Some 1.5 million persons participated in work experience and about 550 thousand were in public service employment.

Work Experience

Costs: The average cost per year of service in work experience was about $3,100 in fiscal year 1976. At this cost over 300,000 part-time jobs can be funded per $1 billion. Over 500,000 part-time jobs were funded in fiscal year 1976.

Effects: Little evidence is available on the long-run effects of work experience programs. Since minimal training is involved, it is unlikely that participants achieve any lasting gains in annual earnings. Since only 6 percent of CETA Title I new participants in fiscal year 1976 received unemployment compensation, a substantial reduction in unemployment compensation payments is unlikely. Participants, however, do produce output that may be valuable to the community, and they earn income while working. This enables them to rely less on savings, the income of other family members, or other income assistance.

Public Service Employment

Costs: In CETA Titles II and VI the average cost per year of service in public service employment is about $8,300. At this cost about 120,000 jobs can be funded per $1 billion. About 300,000 jobs were funded in CETA Titles II and VI in fiscal year 1976.

Effects: Public service employment can increase the current earnings of workers who may otherwise not be working. Since little training is involved, it is doubtful that participants gain any lasting increases in annual earnings. 1/ Moreover, the direct cost offsets stemming from reductions in unemployment compensation payments may have been minimal, because only about 14

1/ About 5 percent of CETA Titles II and VI outlays in fiscal year 1976 was allocated to training.

percent of PSE participants were reported to have been unemployment compensation recipients. Some enrollees may not have been eligible while others may have obtained a job before they received unemployment compensation. Since CETA Title VI has recently been more targeted to the long-term unemployed, to unemployment compensation exhaustees, and to AFDC recipients, the direct cost offsets are likely to increase under Title VI in fiscal year 1977.

A major issue related to public service employment has been the rate of fiscal substitution. Fiscal substitution, as previously stated, is the process by which local governments substitute federal funds for local tax effort. The rate has been estimated to be as much as 60 percent in the first year and 90 to 100 percent after two years. 2/ If the 60 percent estimate is correct, only 40 percent of the direct jobs funded are net additions to total employment. Although the rate of fiscal substitution is likely to be less during a period of high unemployment and inflation, this phenomenon may significantly reduce the effect of PSE on both the unemployment rate and total output.

The capacity of state and local governments to expand the number of public service jobs is another issue. State and local government employment totaled 12 million in 1975, but 4 million of these jobs were in the education sector. The fiscal year 1976 level of 300,000 public service jobs is 2.5 percent of the 12 million. Thus, a doubling of public service jobs could equal as much as a 2.5 percent employment expansion in the state and local government sector. This sector grew at 4.7 percent annually from 1959 to 1973, and is projected by the Bureau of Labor Statistics to grow at about 3 percent annually to 1985. So additional federal funds of $2.5 billion could nearly double the projected annual growth rate to 600,000 public service jobs in the year of the expansion. The feasibility of such an expansion, without a high rate of fiscal substitution and diminishing returns to scale, is unknown.

2/ See Congressional Budget Office, "Employment and Training Programs," Staff Working Paper, May 4, 1976, Appendix C, for a review of the evidence.

The targeting of the Title VI public projects toward the long-term unemployed has also become an issue: In addition to resulting in potentially greater unemployment compensation reductions, the rate of fiscal substitution may also lessen. This rate reduction is likely, if the enrollees do not have skills similar to the regular public employees, and if public projects of short duration are used. Moreover, the salaries paid may be lower, so more jobs might be funded per $1 billion. For example, at an average cost of $7,000 per job, about 140,000 jobs can be funded per $1 billion, which is about 20,000 more than the current PSE rate.

Training

A total of $1.1 billion was spent on training in fiscal year 1976. Nearly 70 percent of this was spent on 564,000 participants in CETA Title I while about 15 percent was spent on some 45,000 participants in the Job Corps.

Costs: The average cost per year of service was about $4,050 in CETA Title I vs. $9,231 in the Job Corps. The average cost per participant was about $1,400 in CETA Title I vs. nearly $4,200 for Job Corps.

Effects: Typically, the effects of training have been analyzed by estimating the changes in the annual earnings of trainees. The trainees are compared to a group of individuals selected to be identical, except that they did not receive training. The differential between the trainees' and the nontrainees' annual earnings is then attributed to training. Trainees are expected to earn more per year than the nontrainees for many years into the future. Since much of the training under Title I resembles that under CETA's precursor, the Manpower Development and Training Act (MDTA), its effects are comparable to those of the MDTA activities. The Job Corps has existed for some time; there is similar recorded evidence on its effects also. 3/

3/ See Nicholas M. Kiefer, The Economic Benefits of Four Manpower Training Programs, May 1976 (processed).

Annual earnings gains can occur in three ways: An individual can obtain a higher wage, work more hours per week, or work more weeks in a year. The annual earnings gains exhibited by trainees in recent years have primarily stemmed from increases in hours worked per week and in weeks worked per year. This in part explains why women often achieve higher average earnings gains than men, since women tend to participate proportionately more in the labor force than men after training.

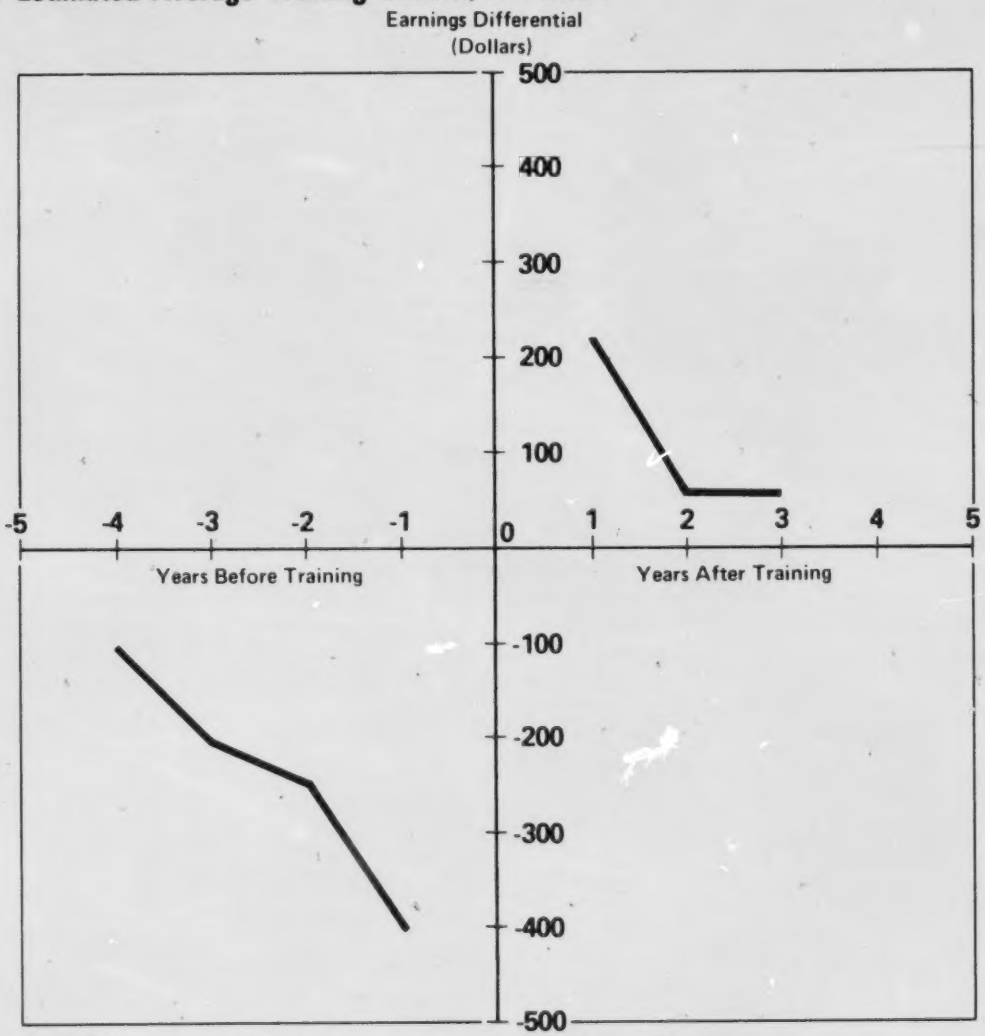
The existing evaluation research on training programs is, unfortunately, not as clear as the theory behind it. Figure 4 summarizes a result of one recent study, which explored not only the effect of training on earnings, but also the effect of different evaluation methods on the research results. The horizontal line (axis) represents the norm or control group against which the earnings of the trainees were compared. Beginning four years prior to training, the trainees actually earned progressively lower earnings than the control group. This is indicated by the downward sloping line in the southwest quadrant of the graph. For example, one year before training the trainees earned $400 less than the control group. As indicated in the northeast quadrant, one year after training the trainees earned over $200 more than the control group. After three years, however, the trainees earned only about $50 more than the control group.

The effect of participation in training programs cannot be easily identified from this analysis. It could be as little as a $220 differential, or as much as $620 (from $400 below control group earnings to $220 above) in the first year after training. The explanation depends upon whether the control group was identical to the trained group prior to training. If the only difference between the trainees and the control group before training was that the trainees were suffering severe labor market problems, then the first-year effect may have been as large as $620. Alternatively, if the control group was identical, then the training effect may have been as little as $220. Another study found average annual earnings gains of $380 that also tended to diminish over a five-year period. 4/ A rough figure of about $400 per year as a posttraining differential seems to be supported by the evidence.

4/ See Orley Ashenfelter "The Effect of Manpower Training on Earnings: Preliminary Results," (Princeton, N.J.: Industrial Relations Section, Princeton University), p. 258 (reprint).

Figure 4

Estimated Average Training Effects, in Dollars



SOURCE: Thomas F. Cooley, Timothy W. McGuire, and Edward C. Prescott, *The Impact of Manpower Training on Earnings: An Econometric Analysis,* (Pittsburgh, Pennsylvania, 1975), pp 31-33 (processed).

The annual earnings gains found in the research are relatively low when compared to the costs. This is particularly true of the Job Corps, which costs roughly three times as much per participant as CETA Title I. However, if prior earnings were about $4,000, the earnings gains range from 5 to 15 percent of the trainees previous annual earnings. Also, the averaging of annual earnings gains may conceal the possibility that many participants gain substantially while others gain very little. Aside from earnings gains, training programs may fund opportunities that may not be available in the private sector. Since youth, minorities, and economically disadvantaged persons tend to be enrolled in high proportions, training may help to equalize training opportunities available in the economy.

REDUCING INCOME ASSISTANCE COSTS WITH EMPLOYMENT AND TRAINING PROGRAMS

Most employment and training programs can potentially reduce income assistance outlays. Direct job creation programs can reduce unemployment compensation outlays, especially if they are targeted to unemployment compensation recipients. Also, the Work Incentive Program is specifically designed to reduce dependence on welfare.

Reducing Unemployment Compensation Outlays

The average cost of unemployment compensation per year of benefits was $3,750 in fiscal year 1976. This compares to a weighted average cost per year in public service employment of about $8,300. If the direct cost of public service employment (CETA Titles II and VI) of $8,300 was accompanied by a reduction in unemployment compensation outlays of $3,750, then that average direct cost was only $4,550 per year. This does not, however, consider several other factors: PSE participants may not be eligible for unemployment compensation; PSE participants pay income taxes on their earnings, but unemployment compensation is not taxable; and both types of expenditures have an expansionary effect on the economy.

Direct unemployment compensation savings can be increased by targeting jobs to current or likely unemployment compensation recipients. The extent to which unemployment compensation exhaustees and reentrants to the labor force are enrolled in PSE

reduces the unemployment compensation savings. Additional savings are realized as the economy is stimulated, but these savings do not directly relate to the trade-off between public service employment and unemployment compensation.

During the economic recovery, the extension of unemployment compensation benefits beyond 26 weeks has become an issue. Public service employment for the long-term unemployed has been proposed as an alternative. Title VI of CETA is, in part, targeted to the long-term (15 weeks or longer) unemployed. A direct employment strategy would, however, cost more per service-year than unemployment compensation, but the participants would also be producing services for the community.

Reducing AFDC Outlays

WIN is aimed at employable welfare recipients, but certain categories of recipients are exempt from mandatory participation: 5/

- o Persons under the age of 16 or attending school full-time.
- o Persons too ill or too old to work, or otherwise incapacitated.
- o A mother or other relative needed at home to care for a child under 6 years old.
- o Persons needed at home to care for ill or incapacitated family members.
- o Persons so distant from the nearest work incentive project that effective participation is precluded.
- o Mothers in families where the father or another adult male relative lives in the home and has registered for WIN.

5/ Comptroller General of the United States, Substantial Improvements Needed in the Work Incentive Program, Atlanta, Georgia, (Washington, D.C.: U.S. Government Printing Office, July 10, 1974), p. 2.

A complex administrative framework--involving both the U.S. Departments of Labor and of Health, Education, and Welfare--was designed to screen, register, and appraise AFDC recipients for WIN. Table 6 presents WIN program data for fiscal year 1976. Only about 26 percent of AFDC families had WIN registrants, chiefly because of the high proportion of exempt adults. About 72 percent of the registrants were appraised, but only 31 percent of the registrants were employed full-time by WIN. In other words, only about 6 percent of AFDC-family adults were placed in full-time employment. 6/

TABLE 6. FISCAL YEAR 1976 WIN PROGRAM DATA

Category	Persons
AFDC Recipients	11,289,000 a/
AFDC Families	3,565,000 a/
WIN Registrations	942,250
WIN Appraisals	674,677
Employment b/	
Full-Time (at least 35 hours/week)	211,185
Part-Time	19,680

a/ Based on an average of the first 10 months in fiscal year 1976.

b/ Participants employed for at least 30 days.

6/ The percentages calculated will be less if all recipients of AFDC during the year are counted. This would not, however, affect the general conclusion that only a small percentage of AFDC-family adults was placed in full-time employment.

Costs: In fiscal year 1976, $307 million was spent on the WIN program. The average cost per year of service was $10,300 and the average cost per participant was $3,300. 7/ Forty-three percent of the total WIN outlays was spent on training, 23 percent on jobs, and 34 percent on other activities such as registration, appraisal, orientation, employability planning, and placement. These latter activities make WIN a relatively more costly program than CETA Title I.

Effects: Evaluation studies on WIN permit no definite conclusions on postprogram earnings effects. One recent study found average annual earnings gains ranging from roughly $330 to $470 after one year. However, because of the short time period of the study, its results may be more uncertain than the recent studies of MDTA training. 8/

The effect on AFDC savings is even more difficult to calculate. A recent study concluded that few AFDC savings stemmed from WIN participation, but that most of the savings was realized through training plus job placement, rather than through the current emphasis on job placement. 9/ In addition, the authors

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7/ See Tables 3 and 4 and Appendix Tables 2 and 3 for more detail. The cost of the WIN tax credit in terms of revenue loss has not been included. It is minimal and would not affect the general conclusions of this analysis.

8/ Pacific Consultants, The Impact of WIN II: A Longitudinal Evaluation (Berkeley, California: September 1976), p. 5. This study may have a better control group than the recent MDTA studies, but its study period, before and after training, is too short. Orley Ashenfelter has demonstrated that the duration of time studied can affect the research results. See Orley Ashenfelter, Program Report on the Development of the Continuous Information on the Impact of the Manpower Development Act, Technical Analysis Paper No. 12A, U.S. Department of Labor, October 1973 (processed).

9/ Ronald G. Ehrenberg and James G. Hewlett, "The Impact of the WIN 2 (sic) Program on Welfare Costs and Recipient Rates," The Journal of Human Resources, Vol. XI, No. 2, Spring 1976, pp. 219-232.

found some decrease in the AFDC recipient rate after the shift in emphasis toward job placement. This is consistent with the belief that WIN may deter some individuals from applying for AFDC. However, it is very difficult to assign a dollar value to either of these effects.

Since a portion of earned income and certain work expenses are disregarded when calculating reductions in welfare benefits, substantial reductions in AFDC payments as a result of placements in low-paying, unsubsidized private-sector jobs are unlikely. Thus, private employment alone probably cannot substantially reduce AFDC payments. Subsidized public sector employment, however, reduces AFDC benefits on a dollar-for-dollar basis, but the costs of working, such as day care expenses, may be quite expensive.

CHAPTER V DECISIONS AND OPTIONS

MACROECONOMIC AND STRUCTURAL EMPLOYMENT POLICIES

An adequate level of aggregate demand is a necessary, but not sufficient, condition to help persons suffering unemployment or underemployment. Targeted program strategies can supplement general fiscal and monetary policy in reducing these problems. Training can increase the skills and earnings of low-skilled persons. Work experience and public service employment can decrease unemployment and increase current earnings. Training, plus work experience and public service employment, can reduce dependence on income assistance programs, particularly unemployment compensation.

UNRESOLVED FISCAL YEAR 1977 BUDGET ISSUES

Major issues remain to be resolved in fiscal year 1977. The fiscal year 1977 Second Budget Resolution would allow between $3.5 and $3.8 billion for temporary employment assistance (CETA Title VI). No part of that sum has yet been appropriated, but a Continuing Resolution provides $1.384 billion to continue the current 260,000 CETA Title VI jobs through fiscal year 1977. This is in addition to 50,000 jobs under CETA Title II, for which appropriations are already enacted. Therefore, of the funds that could be used for public service employment (CETA Title VI) under the fiscal year 1977 Second Budget Resolution, at least $2.1 billion more could be added by the Congress under a supplemental appropriation.

Because of the disappointing economic recovery and the continuing high rates of youth unemployment, proposals to appropriate funds for additional PSE jobs, will receive increased Congressional consideration. Some of the funds available for public service employment could also be used for youth-oriented employment or training programs.

The current level of 300,000 public service jobs could be expanded beginning in the second quarter of calendar year 1977. Assuming that public service jobs could be filled at a rate of 30,000 additional jobs per month, a total of 480,000 jobs could be attained by the end of fiscal year 1977. Additional outlays for this would total $313 million (see Appendix Tables 13 and 14). The budget authority necessary to attain this level must be high enough to convince most CETA prime sponsors that they can sustain the level of jobs for about one year. If they can be convinced that a level of, say, 500,000 jobs will definitely be funded through fiscal year 1978, the buildup could be achieved quite rapidly. About $1 billion in budget authority would probably be necessary, prior to April 1977, to initiate such a buildup. This would leave some $1.1 billion in the fiscal year 1977 Second Budget Resolution available to start a youth employment program under CETA Title III, and also to continue the current level of public service employment to the end of fiscal year 1977.

FISCAL YEAR 1978 AUTHORIZATION ISSUES

Two major reauthorization issues will affect the fiscal year 1978 budget. CETA expires at the end of fiscal year 1977. The Federal Supplemental Benefits (FSB) program expires on March 31, 1977. This raises two basic questions:

- Will CETA be reauthorized without substantial changes?
- Will the Congress reauthorize FSB or will it provide jobs for the long term recipients of unemployment compensation?

CETA has combined many targeted programs while decentralizing the administration of employment and training programs. Decentralization of future control over program structure may become an issue, especially if additional jobs and training are targeted to specific groups.

Continuing high unemployment rates and the rising rate of fiscal substitution led, in part, to the reauthorization of Title VI as a targeted program. The pertinent law (P.L. 94-444) curtailed some of the local discretion previously granted in the determination of eligibility while creating a targeted program

for the low-income long term unemployed. Moreover, since more than half of the CETA funds allocated to Title I were spent by local prime sponsors on work experience and public service employment, there is no guarantee now that future additional funds for Title I will be allocated to training.

The expiration of FSB in the spring of calendar year 1977 would mean that those unemployed beyond 39 weeks would have to seek other means for income support in the last half of fiscal year 1977. FSB exhaustees with family incomes below 70 percent of the lower living-standard budget 1/ will be eligible for the new, targeted, CETA Title VI jobs. If the 1975 level of about 2 million FSB recipients continues in fiscal year 1977 and about 50 percent are eligible for Title VI jobs, then at least one million persons could apply for Title VI jobs. If a supplemental appropriation is enacted for Title VI in fiscal year 1977, about 180,000 additional jobs could be funded by the end of the fiscal year to aid FSB exhaustees.

FISCAL YEAR 1978 BUDGET ISSUES

Current Policy

The fiscal year 1978 budget issues depend in part on the resolution of three remaining fiscal year 1977 budget issues: First, will public service employment be expanded? Second, will a youth employment program be funded through Title III of CETA? Third, will FSB be reauthorized?

The fiscal year 1978 budget issues are analyzed in comparison to the five-year projections of current policy (based on

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1/ The lower living-standard budget for a nonfarm family of four was $9,588 in 1976. Thus, anyone with a family income below $6,712 for this type of family would be eligible. Although exact figures are unavailable, one study found that 55 percent of all FSB recipients in 1975 had family incomes (excluding unemployment compensation) of less than $8,250, or 150 percent of the official nonfarm, family of four, poverty-level income ($5,500).

the Second Concurrent Resolution on the Budget for fiscal year 1977). 2/ These projections assume that Temporary Employment Assistance (TEA) will be funded at the levels allowed in the Second Budget Resolution.

Table 7 indicates the current policy projections for fiscal years 1977, 1978, and 1982 in selected employment, training, and related income assistance accounts. Temporary Employment Assistance and Unemployment Insurance are projected to decline with the

TABLE 7. PROJECTED OUTLAYS IN SELECTED EMPLOYMENT, TRAINING, AND RELATED INCOME ASSISTANCE PROGRAMS ($ in millions)

Federal Budget Account Number	Account Description	1977	1978	1982
I. Job Creation				
504	Temporary Employment Assistance	3,485	3,845	207
II. Skill Development				
504	Employment and Training Assistance	3,164	3,436	4,166
504	Work Incentive Program	358	385	467
	Subtotal	3,522	3,821	4,633
III. Income Assistance				
603	Unemployment Insurance	15,224	12,556	10,318
TOTAL		22,231	20,222	15,158

2/ Congressional Budget Office, Five-Year Projections: Fiscal years 1978-1982 (Washington, D.C.: GPO, December 1, 1976).

unemployment rate. In fiscal year 1977 these two accounts total about $19 billion, but they diminish to about $11 billion in 1982. Employment and Training Assistance and the WIN program are maintained at a constant dollar level. The total current policy budget for these programs is about $22.2 billion in fiscal year 1977, falling to $15.2 billion in fiscal year 1982.

Some Fiscal Year 1978 Options

Table 8 illustrates some possible options selected from many possibilities. The options have been expressed in increments of about $1 billion so that multiples can be easily calculated. The increased training option adds $1.0 billion to Title I of CETA. The increased employment option, adding $1.0 billion to Title VI of CETA, may result in $240 million direct savings in unemployment insurance. The increased employment and training option combines the first two options. Finally, a decreased employment and training option results from reductions in current policy of $100 million each in the Job Corps and WIN programs, and a $1.1 billion reduction in temporary employment assistance, which may lead to a $266 million increase in unemployment insurance.

Increased Training Option

The increased training option of $1.0 billion could fund as much as 221,000 additional years of training and train nearly 632,000 participants. However, if the current distribution of activities continues to exist, only 46 percent of the increased Title I funds will be devoted to training. This yields 102,000 additional years of training for about 291,000 participants. The remaining 54 percent of the funds would be spent on work experience and public service employment. More training could be obtained by earmarking the appropriations for training, but in response CETA prime sponsors might shift the current policy base away from training. This problem could be lessened by a targeted federal program (but the substitution may still occur after a few years) or by legislative changes in CETA that restrict the range of activities that can be supported by Title I funds.

Increased Employment Option

The increased employment option adds $1 billion to Title VI of CETA, which would fund at least an additional 120,000 jobs.

TABLE 8. FISCAL YEAR 1978 OPTIONS (Outlays in millions)

Account Number	Account Description	Options: Current Policy	Increased Training	Increased Employment	Increased Employment and Training	Decreased Employment and Training
I. Job Creation						
504	Temporary Employment Assistance	3,845	3,845	4,845	4,845	2,745
II. Skill Development						
504	Employment and Training Assistance	3,436	4,436	3,436	4,436	3,336
504	Work Incentive Program	385	385	385	385	285
	Subtotal	3,821	4,821	3,821	4,821	3,621
III. Income Assistance						
603	Unemployment Insurance	12,556	12,556	12,316 a/	12,316 a/	12,822 b/
	TOTAL	20,222	21,222	20,982	21,982	19,188

a/ Assumes that 50 percent of the years of service in temporary employment assistance would have been compensated in UC at a cost of $4,000 per year on UC: (120,000 years of service) x (50 percent) x ($4,000) = $240 million direct UC savings. This does not include the indirect savings derived from the stimulation to the economy of a $754 million increase in outlays. Nor does it include possible savings in the AFDC or Food Stamp programs. Data are not yet available on the new, targeted projects, so this estimate is quite uncertain.

b/ (133,000 years of service) x (50 percent) x ($4,000) = $266 million increase in UC costs.

Multiples of this addition to Title VI could be included as an expanded option, but the risk of higher rates of fiscal substitution and diminishing returns to scale may increase. This option also reduces unemployment compensation outlays by about $240 million because Title VI jobs are in part targeted to UC recipients who have been unemployed at least 15 weeks. These jobs could also be funded under Title II of CETA, but it is not targeted on income assistance recipients and thus the resulting unemployment compensation savings would probably be lower. 3/

Increased Employment And Training Option

The increased employment and training option combines the first two options, but allocates the added $1 billion in employment and training assistance equally to a youth employment program and to Title I of CETA. At the minimum wage, the $500 million in the youth employment program would fund about 185,000 part-time jobs for youth. If restricted to economically disadvantaged teenagers (16-19), the youth program could help about 10 percent of this group. (Family income could be certified by the employment service, thus disqualifying most in the targeted age bracket, who are "nonpoor" family members.)

Decreased Employment And Training

The final option reduces spending by $1,034 million. It was first assumed that the additional $1.1 billion available in current policy for fiscal year 1977 was not appropriated. This means that at least the existing level of about 260,000 CETA Title VI jobs would continue to be funded. Unemployment insurance may increase by about $266 million, as the possible cost offsets associated with the unappropriated $1.1 billion in CETA Title VI are foregone. Also, a savings of $100 million each is incurred in the WIN program and Job Corps. Current participants in both programs could receive some training in Title I of CETA, but at about one-third of the cost.

3/ Other savings may also be incurred in the AFDC and Food Stamp programs, but the information available on the new Title VI jobs is not sufficient to permit even a rough estimate.

The Effects Of The Options On People

Current policy emphasizes income assistance. Table 9 shows that about 4.5 million years of service or benefits would be funded under current policy and not quite 70 percent would be in unemployment insurance. Table 10 indicates that about 10.5 million persons would receive unemployment insurance under current policy, while only 3.5 million would participate in employment and training programs.

The options reflect changes in emphasis between the three major activities--training, employment, and income assistance. The increased training option adds 221,000 years of service and 632,000 participants to employment and training assistance. In contrast, the increased employment option adds 120,000 years of service to temporary employment assistance. This implies that 267,000 more persons would participate in temporary employment assistance while some 200,000 fewer recipients would receive unemployment compensation. The increased employment and training option is a combination of the first two options, but with slightly more persons participating because of the lower cost of the youth employment program.

The decreased employment and training option emphasizes income assistance more than does current policy. It cuts about 132,000 jobs from current policy; about 293,000 fewer persons would participate in temporary employment assistance. Unemployment insurance then may increase by 67,000 years of benefits and 224,000 recipients. Also, 8,000 years of service are cut from the WIN program, which amounts to 23,000 participants. The Job Corps program is reduced by 10,000 years of service and about 28,000 participants.

Although client characteristics estimates of these options would be uncertain, a few generalizations can be made. Employment and training programs are targeted to the relatively economically disadvantaged; it is, therefore, likely that options emphasizing such programs will aid proportionately more minority members, teenagers, the less educated, and low-income persons than would extended unemployment insurance, which helps only experienced workers.

TABLE 9. ESTIMATED YEARS OF SERVICE/BENEFITS FOR FISCAL YEAR 1978 OPTIONS (years in thousands)

Account Number	Account Description	Options: Current Policy	Increased Training	Increased Employment	Increased Employment and Training	Decreased Employment and Training	Assumed Average Cost per Year of Service a/ ($)
I. Job Creation							
504	Temporary Employment Assistance	463	463	583	583	331	8,300
II. Skill Development							
504	Employment and Training Assistance	818	1,039	818	1,039	808	4,200
504	Work Incentive Program	33	33	33	33	25	11,500
	Subtotal	851	1,072	851	1,072	833	NA
III. Income Assistance							
603	Unemployment Insurance	3,139	3,139	3,079	3,079	3,206	4,000
	Total Years of Service/Benefits	4,453	4,674	4,514	4,734	4,370	NA

a/ Assumed average costs per year of service involving policy changes are adjusted for projected inflation of 11.8 percent.
Title I training = $4,525
Title IV = $10,300
Youth Program = $2,700
Title VI = $8,300 (not adjusted because of salary ceiling of $10,000)

NA = Not applicable.

TABLE 10. ESTIMATED PARTICIPANTS/RECIPIENTS FOR FISCAL YEAR 1978 OPTIONS (persons in thousands)

	Account Number	Account Description	Options: Current Policy	Increased Training	Increased Employment	Increased Employment and Training	Decreased Employment and Training	Assumed Average Duration (Years)
I.	Job Creation							
	504	Temporary Employment Assistance	1,029	1,029	1,296	1,296	736	0.45
II.	Skill Development							
	504	Employment and Training Assistance	2,337	2,969	2,337	2,969	2,309	0.35
	504	Work Incentive Program	94	94	94	94	71	0.35
		Subtotal	2,431	3,063	2,431	3,063	2,380	NA
III.	Income Assistance							
	603	Unemployment Insurance	10,463	10,463	10,263	10,263	10,687	0.30
		Participants/Recipients Total	13,293	14,555	13,990	14,622	13,503	NA

NA = Not applicable.

Other Options

Many other options could be considered--particularly, multiples of the options chosen for analysis. The options analyzed here, however, are the most pertinent to employment, training, and related programs. They are merely selective tools in a more comprehensive strategy encompassing macroeconomic policy and economic development activities.

APPENDIX

APPENDIX TABLE 1. SUMMARY OF SELECTED EMPLOYMENT AND TRAINING PROGRAM DATA FISCAL YEAR 1976

Program	Total Outlays ($ Millions)	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
CETA- Title I	1,698	448,300	0.35	1,281,700	3,786	1,256
CETA-Title II	544	75,300	0.52	146,900	7,226	2,175
CETA- Title III- Migrants & Farmworkers	65	6,062	0.15	40,413	NA	NA
CETA - Title III- Native Americans	61	14,500	0.22	65,500	4,185	963
CETA - Title III- Summer Youth Employment	459	250,700	0.25	772,100	2,380	595
CETA - Title IV- Job Corps	181	20,200	0.45	44,900	9,231	4,156
CETA - Title VI	1,872	226,600	0.55	416,100	8,262	3,906
Community Service Employment For Older Workers	47	12,700	2.00	6,200	3,387	6,943
Work Incentive Program	307	30,600	0.35	93,400	10,300	3,287

SOURCE: Unpublished U.S. Department of Labor data.
CETA - Compehensive Employment and Training Act of 1973.

APPENDIX TABLE 2. SELECTED EMPLOYMENT AND TRAINING COSTS PER YEAR OF SERVICE IN FISCAL YEAR 1976 (Dollars)

Programs	Activities					
	On-the-Job Training	Classroom Training	Work Experience	Public Service Employment	Other	Total
CETA - Title I	4,209	4,005	3,299	8,236	1,024	3,786
CETA - Title II	1,821	1,771	3,675	7,389	3,831	7,226
CETA - Title III						
Migrants & Farm Workers	2,184	4,428	6,869	NA	NA	NA
Native Americans	4,000	4,172	4,232	4,083	4,192	4,185
Summer Youth	0	0	2,380	0	0	2,380
CETA - Title IV - Job Corps	0	9,231	0	0	0	9,231
CETA - Title VI and II a/	2,736	1,316	6,378	8,675	2,958	8,262
Community Service Employment For Older Americans	0	0	3,387	0	0	3,387
Work Incentive Program-Total	11,000	3,700	3,800	16,900	NA	10,300

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

NA = Not applicable.

CETA - Comprehensive Employment and Training Act of 1973

WIN - Work Incentive Program.

APPENDIX TABLE 3. SELECTED EMPLOYMENT AND TRAINING PROGRAM COSTS PER PARTICIPANT IN FISCAL YEAR 1976 (Dollars)

Programs	Activities					
	On-the-Job Training	Classroom Training	Work Experience	Public Service Employment	Other	Total
CETA - Title I	1,471	1,408	1,084	3,664	274	1,256
CETA - Title II	889	797	1,184	2,275	633	2,175
CETA - Title III						
Migrants & Farm Workers	328	664	1,030	NA	NA	NA
Native Americans	947	960	964	980	965	963
Summer Youth	0	0	595	0	0	595
CETA - Title IV - Job Corps	0	4,156	0	0	0	4,156
CETA - Title VI and II a/	2,660	181	3,101	4,060	665	3,906
Community Service Employment For Older Americans	0	0	6,943	0	0	6,943
Work Incentive Program-Total	3,900	1,200	700	10,900	NA	3,287
Total						

a/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

NA = Not applicable.

CETA - Comprehensive Employment and Training Act of 1973.

APPENDIX TABLE 4. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE I

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	170	10	40,300	0.35	115,100	4,209	1,471
Classroom Training	611	36	152,600	0.34	448,800	4,005	1,408
Work Experience	713	42	216,100	0.35	617,400	3,299	1,084
Public Service Employment	187	11	22,700	0.44	51,600	8,236	3,664
Other	17	1	16,600	0.34	48,800	1,024	274
Total for Program	1,698	100	448,300	0.35	1,281,700	3,786	1,256

SOURCE: Unpublished U.S. Department of Labor data.

APPENDIX TABLE 5. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE II

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	1	0	300	0.49	600	1,821	889
Classroom Training	1	0	600	0.31	1,900	1,771	797
Work Experience	7	1	1,900	0.40	4,800	3,675	1,184
Public Service Employment	535	98	72,400	0.52	139,200	7,389	2,275
Other	a/	0	100	0.26	400	3,831	633
Total for Program	544	99	75,300	0.52	146,900	7,226	2,175

SOURCE: Unpublished U.S. Department of Labor data.

a/ Less than $0.5 million.

Note: Rounded percentages may not total 100.

APPENDIX TABLE 6. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE III
MIGRANTS AND FARM WORKERS

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	3	5	1,511	0.15	10,073	2,184	328
Classroom Training	17	26	3,794	0.15	25,293	4,420	664
Work Experience	5	8	757	0.15	5,047	6,869	1,030
Public Service Employment	0	0	0	0	0	0	0
Other	40	62	0	0	0	0	0
Total for Program	65	101	6,062	0.15	40,413	NA	NA

SOURCE: Unpublished U.S. Department of Labor data.

Note: Rounded percentages may not total 100.

APPENDIX TABLE 7. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE III
NATIVE AMERICANS

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	4	7	900	0.23	3,900	4,000	947
Classroom Training	12	20	2,900	0.22	13,200	4,172	960
Work Experience	29	48	6,900	0.22	31,400	4,232	964
Public Service Employment	5	8	1,200	0.23	5,200	4,083	980
Other	11	18	2,600	0.22	11,800	4,192	965
Total for Program	61	101	14,500	0.22	65,500	4,185	963

SOURCE: Unpublished U.S. Department of Labor data.

Note: Rounded percentages may not total 100.

APPENDIX TABLE 8. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE III
SUMMER YOUTH PROGRAM

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	0	0	0	0	0	0	0
Work Experience	459	100	250,700	0.25	772,100	2,380	595
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total for Program	459	100	250,700	0.25	772,100	2,380	595

SOURCE: Unpublished U.S. Department of Labor data.

APPENDIX TABLE 9. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE IV - JOB CORPS

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	181	100	20,200	0.45	44,900	9,231	4,156
Work Experience	0	0	0	0	0	0	0
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total for Program	181	100	20,200	0.45	44,900	9,231	4,156

SOURCE: Unpublished U.S. Department of Labor data.

APPENDIX TABLE 10. FISCAL YEAR 1976 DATA
PROGRAM: CETA - TITLE VI AND II a/

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	3	0	1,000	0.55	1,800	2,736	2,660
Classroom Training	2	0	1,100	0.18	6,100	1,316	181
Work Experience	219	12	34,300	0.62	55,300	6,378	3,101
Public Service Employment	1,648	88	190,000	0.54	351,900	8,675	4,060
Other	1	0	200	0.20	1,000	2,958	665
Total for Program	1,873	100	226,600	0.55	416,100	8,262	3,906

SOURCE: Unpublished U.S. Department of Labor data.

a/ An emergency supplemental appropriation merged Titles II and VI for the purpose of extending Title VI positions beyond its expiration date of December 31, 1975.

Note: Column sums may not total exactly, due to rounding.

APPENDIX TABLE 11. FISCAL YEAR 1976 DATA
PROGRAM: COMMUNITY SERVICE EMPLOYMENT
FOR OLDER AMERICANS

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	0	0	0	0	0	0	0
Classroom Training	0	0	0	0	0	0	0
Work Experience	47	100	12,700	2.0	6,200	3,387	6,943
Public Service Employment	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total for Program	47	100	12,700	2.0	6,200	3,387	6,943

SOURCE: Unpublished U.S. Department of Labor data.

APPENDIX TABLE 12. FISCAL YEAR 1976 DATA
PROGRAM: WORK INCENTIVE PROGRAM

Training Activity	Total Outlays ($ Millions)	Percent of Total Outlays	Years of Service	Average Length of Stay (years)	Adjusted Participants	$ Cost Per Year Of Service	$ Cost Per Participant
On-the-Job Training	91	30	9,600	0.35	27,400	11,000	3,900
Classroom Training	42	14	13,300	0.33	40,300	3,700	1,200
Work Experience	12	4	3,700	0.19	19,500	3,800	700
Public Service Employment	58	19	4,000	0.65	6,200	16,900	10,900
Other	104	34	NA	NA	NA	NA	NA
Total for Program	307	101	30,600	0.35	93,400	10,300	3,287

SOURCE: Unpublished U.S. Department of Labor data.

NA = Not applicable.

Note: Rounded percentages may not total 100.

APPENDIX TABLE 13. RANGE OF PUBLIC SERVICE EMPLOYMENT BUILDUP TO 500,000 JOBS

Calendar Year	End of Calendar Quarter	Rates of Job Creation: SLOW — Total Outlays Millions	SLOW — Total Jobs Thousands	SLOW — Quarterly Change in Total Outlays Millions	SLOW — Quarterly Change in Jobs Thousands	RAPID — Total Outlays Millions	RAPID — Total Jobs Thousands	RAPID — Quarterly Change in Total Outlays Millions	RAPID — Quarterly Change in Jobs Thousands
1977	I	623	300	--	--	623	300	--	--
	II	749	390	126	90	875	480	252	180
	III	936	480	187	90	1,025	500	150	20
	IV	1,025	500	89	20	1,039	500	14	0
1978	I	1,039	500	14	0	1,039	500	0	0
	II	1,039	500	0	0	1,039	500	0	0
	III	1,039	500	0	0	1,039	500	0	0

Assumptions:

a. Average cost per job = $8,300.

b. Slow Spend-out Rate--30,000 jobs per month.

c. Rapid Spend-out Rate--60,000 jobs per month.

d. The size and duration of budget authority are sufficient to persuade CETA prime sponsors to fill jobs at a rate of 30-60,000 per month.

e. Total jobs are the number of jobs existing at the end of a quarter. Total outlays are the amount of outlays necessary to fund those jobs during the quarter.

APPENDIX TABLE 14. RANGE OF PUBLIC SERVICE EMPLOYMENT BUILDUP TO 1 MILLION JOBS

Calendar Year	End of Calendar Quarter	Rates of Job Creation: SLOW — Total Outlays Millions	SLOW — Total Jobs Thousands	SLOW — Quarterly Change in Total Outlays Millions	SLOW — Quarterly Change in Jobs Thousands	RAPID — Total Outlays Millions	RAPID — Total Jobs Thousands	RAPID — Quarterly Change in Total Outlays Millions	RAPID — Quarterly Change in Jobs Thousands
1977	I	623	300	--	--	623	300	--	--
	II	749	390	126	90	875	480	252	180
	III	936	480	187	90	1,249	660	374	180
	IV	1,123	570	187	90	1,623	840	374	180
1978	I	1,310	660	187	90	1,969	1,000	346	160
	II	1,497	750	187	90	2,077	1,000	108	0
	III	1,684	840	187	90	2,077	1,000	0	0

Assumptions:

a. Average cost per job = $8,300.

b. Slow Spend-out Rate--30,000 jobs per month.

c. Rapid Spend-out Rate--60,000 jobs per month.

d. The size and duration of budget authority are sufficient to persuade CETA prime sponsors to fill jobs at a rate of 30-60,000 per month.

e. Total jobs are the number of jobs existing at the end of a quarter. Total outlays are the amount of outlays necessary to fund those jobs during the quarter.